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## **BIWEEKLY REPORT**

# **SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS**

EIC-WGR-1/71

27 October 1958

PREPARED BY THE WORKING GROUP  
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events  
10 - 23 October 1958

Soviet Premier Khrushchev's proclamation on 23 October that the USSR intends to assist Egypt in the construction of the Aswan High Dam highlights the economic activities of the Sino-Soviet Bloc in underdeveloped countries of the Free World during the period 10 - 23 October 1958. According to this announcement, the USSR will extend, in response to Egypt's request, a credit of 400 million rubles (\$100 million) for the first phase of the project.

On 20 October, India and Rumania signed an agreement providing for a Rumanian credit estimated to be about \$18 million for the construction of India's first state-owned petroleum refinery, to be located at Gauhati in Assam state.

In Ceylon, implementation of the \$30-million Economic Cooperation Agreement with the USSR has been slow. So far, only one project contract has been signed, although it was announced at the time of the signing of the agreement that as many as 16 projects would be undertaken.

Indonesia purchased 200,000 metric tons of Chinese Communist rice from the USSR; the city of Djakarta bought buses valued at \$168,000 from Hungary; the Indonesian Army purchased heavy engineering and construction equipment valued at \$15 million from the USSR; and the Indonesian government plans to finance the construction of an iron works with funds available under the \$100-million Soviet loan.

A Bulgarian firm is about to purchase a small meatpacking plant in Asmara, Ethiopia. Two West German companies will operate the plant in partnership with the Bulgarian firm.

The Prime Minister of Guinea received a telegram from the USSR containing assurances of economic and technical aid for his country, and three East German diplomats who arrived in Conakry on 13 October offered to exchange machinery for Guinea bananas.

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Iran and Poland have signed a protocol to their trade and payments agreement, expanding trade between the two countries by 25 percent. A transit agreement was also signed.

The government of Iraq has approved the preliminary draft of a trade agreement with East Germany. Trade delegations from Hungary and Czechoslovakia also are in Iraq holding discussions that are expected to lead eventually to further trade agreements.

The USSR has adopted a policy which indicates its distaste for the strongly anti-Communist government formed in Finland on 29 August and which seems designed to bring about the fall of this government. A manifestation of this policy is the Soviet failure to reply to a Finnish proposal that trade talks begin on 7 October - a proposal of critical importance to the Finns. Finnish officials fear that this policy may lead to restrictions on Soviet imports from Finland.

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